

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;  
Tony Hammond, Vice Chairman;  
Mark Acton; and  
Nanci E. Langley

Competitive Product Prices  
GEPS 3 (MC2010-28)  
Negotiated Service Agreements

Docket No. CP2017-132

ORDER APPROVING IN PART MODIFICATION ONE TO  
GEPS 3 NEGOTIATED SERVICE AGREEMENT AND DENYING AS MOOT MOTION  
FOR TEMPORARY RELIEF

(Issued March 22, 2018)

I. INTRODUCTION

The Postal Service seeks to modify a Global Expedited Package Services 3 negotiated service agreement.<sup>1</sup> For the reasons discussed below, the Commission approves the Modification.

In Order No. 3823, the Commission approved the Global Expedited Package Services 3 negotiated service agreement (Existing Agreement).<sup>2</sup> On March 21, 2018,

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<sup>1</sup> Motion for Temporary Relief and Notice of the United States Postal Service of Filing Modification One to Global Expedited Package Services 3 Negotiated Service Agreement, March 21, 2018 (Notice). The modification is an attachment to the Notice (Modification).

<sup>2</sup> See Docket No CP2017-132, Order Approving Additional Global Expedited Package Services 3 Negotiated Service Agreement, March 23, 2017 (Order No. 3823).

the Postal Service filed notice that it has agreed to the Modification to the Existing Agreement.

## II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

*Cost considerations.* The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Existing Agreement is set to expire March 31, 2018. Order No. 3823 at 5. The Modification revises the expiration date of the contract to be contingent upon the date the Commission completes its review of the successor agreement filed in Docket No. CP2018-181, should that review not be completed by March 31, 2018. See Notice at 1.

The Modification does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as modified, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7. The terms of the Modification adequately address a scenario in which the Commission is able to promptly complete its review of the successor agreement. However, as unexpected delay—or withdrawal—might ensue, the Commission finds it preferable to impose an upper limit on the length of time

the Existing Agreement, as modified, may continue.<sup>3</sup> The Existing Agreement, as modified, will be listed on the Mail Classification Schedule until the expiration date of the Existing Agreement, as modified, or until April 30, 2018, whichever occurs earlier.

*Other considerations.* The Existing Agreement, as modified, is set to expire upon the later of March 31, 2018, or one business day after the Commission completes its review of the successor agreement filed in Docket No. CP2018-181. Notice at 1-2. However, as discussed above, the Existing Agreement, as modified, will terminate no later than April 30, 2018. If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as modified. Accordingly, the Motion for Temporary Relief is denied as moot.

### III. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission approves, in part, the Global Expedited Package Services 3 negotiated service agreement as modified.
2. As discussed in the body of this Order, the Existing Agreement, as modified, shall be listed on the Mail Classification Schedule until the expiration date of the Existing Agreement, as modified, or until April 30, 2018, whichever occurs earlier.

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<sup>3</sup> Although the Postal Service requests an upper limit of April 30, 2018 in the Notice, the text of the Modification does not include any such limitation. See Notice at 2; Notice, Attachment 1 at 1.

The Commission has consistently not permitted open-ended expiration dates. See Docket No. CP2017-8, Order Approving in Part Modifications Two and Three to GEPS 3 Negotiated Service Agreement and Denying as Moot Motions for Temporary Relief, November 29, 2017 (Order No. 4242); Docket No. CP2017-19, Order Approving in Part Modifications Three and Four to Global Reseller Expedited Package Services 2 Negotiated Service Agreement and Denying as Moot Motions for Temporary Relief, November 28, 2017 (Order No. 4240); Docket No. CP2012-47, Order Granting in Part Motion for Temporary Relief, August 10, 2017 (Order No. 4033); Docket No. CP2015-85, Order Granting in Part Motion for Temporary Relief, June 28, 2016 (Order No. 3393).

3. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the revised expiration date.
4. The Postal Service's Motion for Temporary Relief is denied as moot.

By the Commission.

Stacy L. Ruble  
Secretary